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C O N F I D E N T I A L STATE 067816

MANILA FOR USADB

E.O. 12356: OADR
TAGS: EAID, EFIN, CH
SUBJECT: REQUEST FOR GUIDANCE

REFS: A) BEIJING 3269 (NOTAL); B) STATE 053112.

1. TREASURY HAS REQUESTED A COPY OF THE TRANSCRIPT OF SECRETARY REGAN'S REMARKS BEFORE THE ~~SENATE~~ APPROPRIATIONS COMMITTEE MARCH 8. EARLIEST AVAILABILITY WILL BE MONDAY MARCH 14. TRANSCRIPTS ARE BEING DELAYED BY SHEER VOLUME FROM THE MANY HEARINGS NOW IN PROGRESS IN THE CONGRESS.

2. WE UNDERSTAND THAT THE SECRETARY WAS RESPONDING TO SENATOR KASTEN'S INTEREST THAT HE BE MINDFUL OF THE SENSE OF CONGRESS EXPRESSED IN THE ADB ACT AS AMENDED. SECRETARY SHULTZ WAS ALSO RESPONDING TO A QUESTION FROM SENATOR KASTEN IN HIS COMMENTS OF MARCH 1, 1983 WHICH FOLLOW:

KASTEN: MR. SECRETARY, WHAT IS THE STATE DEPARTMENT'S VIEW OF THE STATUS OF TAIWAN AS A MEMBER OF THE ASIAN DEVELOPMENT BANK, IN CONNECTION WITH THE EFFORTS BEING

MADE BY THE PRC TO BECOME A MEMBER OF THE ASIAN DEVELOPMENT BANK?

SEC: THE PRC HAS INDICATED A DESIRE TO JOIN THE BANK AS I UNDERSTAND IT, NOT THROUGH US, AND HAS ALSO STATED THAT IN THAT CONNECTION IT EXPECTS THAT TAIWAN WOULD BE EXPELLED FROM THE BANK. THIS IS A MATTER THAT IS COMING INTO THE OFFICIAL CIRCLES OF THE BANK AT THIS POINT IN TIME AND IS BEING CONSIDERED BY THE MEMBERS.

KASTEN: WHAT IS THE STATE DEPARTMENT'S VIEW OF THIS?

SEC: OUR VIEW IS THAT IF THE PRC WISHES TO COME INTO THE BANK, THEN, ASSUMING THAT THEY MEET THE CONDITIONS FOR MEMBERSHIP, THAT IS A CONSTRUCTIVE THING TO HAVE HAPPEN. ON THE OTHER HAND, IF TAIWAN IN THE PROCESS IS EXPELLED FROM THE BANK, THEN I THINK THAT WILL CAUSE GREAT DIFFICULTIES FOR THE BANK AS FAR AS SUPPORT FROM THE UNITED STATES IS CONCERNED AND WE HAVE EXPRESSED THAT

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VIEWPOINT IN VARIOUS ASIAN CIRCLES.

3. ADDITIONALLY, MATTER WAS RAISED WITH ASST. SEC. WOLFOWITZ AT SENATE JUDICIARY COMMITTEE HEARINGS ON MARCH 10. HIS ANSWER FOLLOWED THOSE OF SECRETARY SHULTZ, BUT AGAIN TRANSCRIPT IS NOT YET AVAILABLE AND WE ARE RELUCTANT TO PROVIDE NOTES TAKEN BY OBSERVERS, WHICH MIGHT BE INCOMPLETE AND/OR ERRONEOUS.

4. GUIDANCE REMAINS AS IN REFTEL B. TEXTS OF REGAN AND WOLFOWITZ REMARKS WILL BE TRANSMITTED WHEN AVAILABLE. SHULTZ
END OF MESSAGE

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